

Departmental Indirect Cost Rate Calculation

Description	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5
	Total Costs	Unallowable Costs (Deduct)	Allowable Costs	Allocate Allowable Indirect & Direct Costs	
				Indirect	Direct
Salaries	1,050,000	-	1,050,000	105,000	945,000
Benefits	230,000	-	230,000	23,000	207,000
Total S&EB	1,280,000	-	1,280,000	128,000	1,152,000
Services & Supplies	210,000	-	210,000	84,000	126,000
Equipment (Note 1)	135,000	(135,000)	-	-	-
Other Charges (Note 2)	85,000	-	85,000	5,000	80,000
Intrafund Transfers (Note 3)	-	-	-	-	-
Total	1,710,000	(135,000)	1,575,000	217,000	1,358,000

Department's internal indirect rate calculation:

$$(\text{Total internal indirect costs}) / (\text{direct salaries}) = 217,000 \text{ divided by } 945,000 = 22.96\%$$

Department CWCAP rate calculation (assume the CWCAP allocation is 40,000):

$$(\text{Department's CWCAP costs}) / (\text{direct salaries}) = 40,000 \text{ divided by } 945,000 = 4.23\%$$

Departmental indirect cost rate:

$$(\text{Department's internal indirect rate}) + (\text{department's CWCAP rate}) = 27.19\%$$

Notes:

Note 1 For this example Fixed Asset-Equipment Expense is not allowed because the costs are recovered through depreciation on the assets. Depreciation is included in CWCAP, which is a part of the total indirect cost rate.

Note 2 Other charges may include unallowable costs (e.g., interest).

Note 3 Department's intrafund transfers are excluded from the analysis.